

BDA

to Create
Black Independence
fority Americans

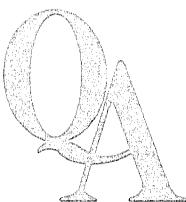
**Answers to Questions
about MBDA'S Assistance
to Minority Entrepreneurs**





U.S. DEPARTMENT OF COMMERCE
Minority Business Development Agency

MBDA: WHAT IT IS AND WHAT IT DOES



WHAT IS THE MINORITY BUSINESS DEVELOPMENT AGENCY?

It is the U.S. Government agency created to develop programs to assist minority entrepreneurs.

WHEN WAS THE AGENCY STARTED?

MBDA was established by Executive Order 11625 in 1969.

WHAT TYPES OF ASSISTANCE DOES MBDA PROVIDE?

MBDA awards grants and cooperative agreements to state and local government agencies, profit and non-profit business development organizations, and trade associations to provide management, marketing, financial, and technical assistance to minority entrepreneurs.

DOES MBDA OR ITS FUNDED BUSINESS DEVELOPMENT ORGANIZATIONS CHARGE FEES FOR SERVICES?

Nominal fees are charged. In some cases, waivers of fees are granted.

WHAT ARE THE PROGRAM DIVISIONS OF MBDA?

MBDA has an Office of Resource Development, establishing public and private resources for minority-owned enterprises; an Office of Enterprise Development, responsible for the delivery of management and technical assistance to minority businesses and increasing their participation in growth industries; and an Office of Advocacy, Research and Information, responsible for formulating and advocating federal policies for minority business development, conducting research to understand the problems and characteristics of minority firms, and collecting and disseminating information beneficial to minority business development.

WHAT IS THE DEFINITION OF "MINORITY BUSINESS ENTERPRISE"?

A minority business enterprise is one that is owned or controlled by one or more socially or economically disadvantaged persons. Such disadvantage may arise from cultural, racial, chronic economic circumstances, background or other similar cause. Such persons include Blacks, Hispanics, Asian Americans, American Indians, Eskimos, and Aleuts.

ARE WOMEN ELIGIBLE FOR MBDA ASSISTANCE?

Minority women are eligible for assistance. Non-minority women are eligible on an individual basis if they are found to be socially or economically disadvantaged. But as a group, non-minority women are not eligible for MBDA assistance.

DOES MBDA REQUIRE CLIENTS TO RECEIVE CERTIFICATION AS MINORITIES BEFORE RECEIVING ASSISTANCE?

No, MBDA does not require certification of minority entrepreneurs.

DOES MBDA HAVE REGIONAL AND DISTRICT OFFICES?

Yes, MBDA has six regional offices: Atlanta, Chicago, Dallas, New York, San Francisco, and Washington, D.C. The agency also has district offices: Boston, Denver, Miami, Philadelphia, Kansas City, Mo., and Los Angeles.

HOW MANY MINORITY-OWNED BUSINESSES ARE THERE?

There were 561,395 firms with gross sales of \$26.3 billion, according to the Census Bureau's 1977 Survey of Minority-Owned Business Enterprises. This was an increase of 31 percent in number of firms and 69 percent in gross receipts over 1972. Black-owned firms accounted for 41 percent of all minority-owned firms and 33 percent of gross receipts. Firms owned by persons of Spanish origin accounted for 39 percent of both number of firms and gross receipts while Asian Americans, American Indians, and other minorities accounted for 20 percent of the minority-owned firms and 28 percent of their gross receipts.

WHERE IS THE HEAVIEST CONCENTRATION OF MINORITY-OWNED FIRMS?

Over 41 percent of all minority-owned firms in the United States were located in California, Texas, New York, Florida, and Hawaii and accounted for over 47 percent of all gross sales, according to the Census Bureau.

BUSINESS ASSISTANCE

WHAT ARE MBDA'S PROGRAMS?

MBDA has the following programs: Minority Business Development Center Program, Export Development Program, Technology Commercialization Centers Program, American Indian Program, Rural Assistance Program, Acquisitions Assistance Program, Franchising Assistance Program, State and Local Government Program, Volunteer Management Support Program, Research Information Program, Minority Trade Association Program, National Minority Supplier Development Council Program, Advocacy Assistance Program, Interagency Council for Minority Business Enterprise Program, Minority Business Opportunity Committee Program, and Information Clearinghouse Program.



MINORITY BUSINESS DEVELOPMENT CENTER PROGRAM

HOW DOES THE MINORITY BUSINESS DEVELOPMENT CENTER PROGRAM WORK?

MBDA funds 100 Minority Business Development Centers, located in areas across the country with the largest minority populations, to provide management, marketing and technical assistance to increase business opportunities for minority entrepreneurs in the United States and foreign markets. Each center—called an MBDC—increases the formation of minority-owned firms, expands existing firms and minimizes the rate of business failures. The MBDC provides vital accounting, administration, business planning, construction, and marketing information. The sources of the information are major U.S. corporations, trade associations, export management companies, and federal, state and local government agencies. The MBDC also identifies minority-owned firms for contract and subcontract opportunities with federal, state, and local government agencies and the private sector.

WHO OPERATES THE MBDC?

The MBDC is operated by private accounting firms, business development consulting firms, educational institutions, and state and local government agencies.

WHERE ARE THE MBDC LOCATIONS?

MBDCs are located in 37 states and the District of Columbia: Alabama, Arizona, Arkansas, California, Colorado, Connecticut, Delaware, District of Columbia, Florida, Georgia, Hawaii, Illinois, Indiana, Kentucky, Louisiana, Maryland, Massachusetts, Michigan, Minnesota, Mississippi, Missouri, Nevada, New Jersey, New Mexico, New York, North Carolina, Ohio, Oklahoma, Oregon, Pennsylvania, Puerto Rico, South Carolina, Tennessee, Texas, Utah, Virginia, Washington, and Wisconsin.

WHERE DO YOU CONTACT THE NEAREST MBDC?

Contact the MBDA regional office nearest you. Atlanta (404) 881-4091, Chicago (312) 353-0182, Dallas (214) 767-8001, New York (212) 264-3262, San Francisco (415) 556-6733, Washington (202) 634-7897.

DO YOU NEED TO HAVE AN ESTABLISHED BUSINESS TO RECEIVE MBDC ASSISTANCE?

No. The MBDC assists potential as well as existing entrepreneurs.

MUST FIRMS MEET A SPECIFIC SIZE OR DOLLAR VOLUME TO RECEIVE ASSISTANCE?

No.



EXPORT DEVELOPMENT PROGRAM

DOES MBDA PROVIDE INTERNATIONAL TRADE ASSISTANCE?

Yes, MBDA has established an Export Development Program to assist entrepreneurs in international business ventures.

HOW ARE ENTREPRENEURS ASSISTED?

MBDA has funded 15 organizations that provide export marketing plans, identify potential markets and trade leads, and technical assistance including short-term financing and shipping information. These organizations coordinate with the Small Business Administration, the International Trade Administration, the Export-Import Bank, export management companies, freight movers, and banking institutions to provide assistance.

WHERE DO YOU GO FOR ASSISTANCE?

The Export Development Consultants are: Latin American Trading Company, Atlanta, (404) 942-4668; SER-Jobs for Progress, Inc., Miami, (305) 649-7500; Caribbean Marketing Overseas, Santurce, Puerto Rico, (809) 728-4545; Alexander Grant & Co., Detroit, (313) 965-6320; Peter F. Koch & Associates, Wheeling, Ill., (312) 459-1100; Cavazos International, Inc., Houston, (713) 821-7610; International Business of New Orleans, (504) 241-4877; Development Associates, San Francisco, (415) 776-0120; Development Associates, Arlington, Va., (703) 979-0100; Universal Import & Export Corp., Dallas, (214) 871-0144; Watson, Rice & Co., Washington, D.C., (202) 628-0833; AWI Trading Co. & Consultants, New York, (212) 683-3930; Cardinal Management, Los Angeles, (213) 385-1335; Minority Export Development Consultant, San Diego State University Foundation, San Diego, (619) 286-5623; Trustee of University of Pennsylvania, Philadelphia Export Network, Wharton Research Center, Philadelphia, (215) 898-4189.



RURAL ASSISTANCE PROGRAM

DOES MBDA PROVIDE ASSISTANCE TO FIRMS AND ENTREPRENEURS IN RURAL AREAS?

Yes, MBDA has a Rural Assistance Program for management and technical assistance to minority entrepreneurs located in areas not served by the Minority Business Development Centers.

WHAT AREAS ARE COVERED UNDER THIS PROGRAM?

Alabama, Georgia, Mississippi, North and South Carolina, Louisiana, New Mexico, Texas, Arkansas, and California.

WHERE DO YOU GO FOR ASSISTANCE?

The Rural Assistance Program is run by the following organizations: Georgia Tech Research Institute, (404) 894-3833, covering Alabama, Georgia, Mississippi, North and South Carolina; the National Council of La Raza, (202) 293-4680, covering Louisiana, New Mexico, Texas, and Arkansas; and Development Associates, (415) 776-0120, covering California.



TECHNOLOGY COMMERCIALIZATION CENTER PROGRAM

DOES MBDA OFFER ASSISTANCE TO INVENTORS TRYING TO GET A NEW PRODUCT OR SERVICE ON THE MARKET?

Yes, MBDA has a Technology Commercialization Center Program providing marketing and technical assistance to minority inventors, engineers, scientists or other entrepreneurs with new products or services.

WHAT FORM OF ASSISTANCE IS PROVIDED?

The program offers assistance in the development of feasibility studies, market and product testing, location of products or services patented by private and government organizations that have commercial potential, and the identification of financial resources and licensing arrangements with U.S. and foreign companies. Clients also gain access to new technologies developed through the Federal Laboratory Consortium and university engineering schools.

WHERE DO YOU GO FOR ASSISTANCE?

MBDA funds 10 Technology Commercialization Centers. They are: New England Technology Commercialization Center, Hartford, Conn., (203) 527-1301; Center for Invention and Industrial Development, Baltimore, Md., and Washington, D.C., (301) 542-4850 or (202) 727-6609; Middle Atlantic Technology Center, Raleigh, N.C., (919) 781-9081; Technology Utilization and Commercialization Center, Atlanta, (404) 894-3833; Industrial Technology Research and Development Foundation, Inc., Durant, Okla., (405) 924-5094; Center for Arid and Tropical New Crop Applied Science and Technology, Tempe, Ariz., (602) 965-1260; Pacific Northwest Technology Center, Portland, Ore., (503) 226-4985; Technology Research and Commercialization, Inc., Los Angeles, (213) 417-4923; Control Data Technology Center, Dallas, (214) 385-5577; IITRI Technology Commercialization Center, Chicago, (312) 567-4664.



ACQUISITIONS ASSISTANCE PROGRAM

DOES MBDA ASSIST MINORITY ENTREPRENEURS IN BUSINESS ACQUISITION OR MERGER TRANSACTIONS?

Yes, MBDA has an Acquisitions Assistance Program to help minority entrepreneurs to own and control medium and large businesses in areas such as manufacturing, high-technology industries, telecommunications, energy and transportation.

HOW DO YOU QUALIFY?

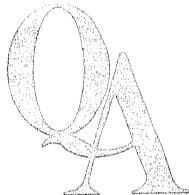
Clients must demonstrate the ability to invest 5 percent in cash or tangible assets of the aggregate cost of the purchase price of the business to be acquired. Also, clients should be knowledgeable about the business and industry of the proposed acquisition. Businesses to be acquired must show steady profits and net assets valued in excess of \$1 million or gross revenue of \$3 million or more.

WHAT KIND OF ASSISTANCE IS PROVIDED?

Clients are assisted in negotiating the potential acquisition or merger. Clients are also consulted about the business, industry and financial conditions of the company to be acquired, and where financing might be obtained to complete the acquisition.

WHERE DO YOU GO FOR ASSISTANCE?

MBDA funds three private firms to provide acquisition assistance. They are: Duff and Phelps, Inc., Chicago, (312) 263-2610; Arthur Young & Co., Washington, D.C., (202) 828-7000, and Watson, Rice & Co., Washington, D.C. (202) 628-0833.



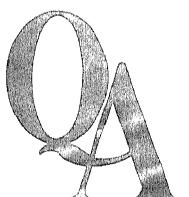
MINORITY TRADE ASSOCIATIONS PROGRAM

WHAT IS THE PURPOSE OF THIS PROGRAM?

Trade associations are among the most important organizations representing the business community. Under this program, MBDA funds nine minority trade associations. They are responsible for generating new business opportunities and advocating minority business issues at the federal, state and local government levels.

WHICH TRADE ASSOCIATIONS ARE FUNDED BY MBDA?

MBDA funds the following trade associations: National Association of Minority Certified Public Accounting Firms, American Association of Spanish-Speaking CPAs, Latin American Manufacturers Association, National Association of Minority Contractors, U.S. Hispanic Chamber of Commerce, American Association of Minority Enterprise Small Business Investment Companies, National Bar Association National Insurance Association, and American Savings and Loan League.



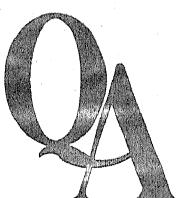
FRANCHISING ASSISTANCE PROGRAM

IS MBDA CONCERNED ABOUT HELPING MINORITY ENTREPRENEURS ACQUIRE FRANCHISES?

Yes, MBDA recognizes the full potential of franchises to the minority entrepreneur. The agency has established a new program to identify franchise opportunities.

WHERE DO YOU GET HELP?

Contact MBDA's Office of Resource Development, (202) 377-5770. The Minority Business Development Centers also are actively engaged in identifying franchise opportunities.



PRIVATE SECTOR RESOURCE PROGRAM

DOES MBDA ENCOURAGE THE PRIVATE SECTOR TO HELP GENERATE OPPORTUNITIES FOR MINORITY-OWNED BUSINESSES?

Yes, MBDA believes minority business development must have strong support from the private sector. The agency works closely with the U.S. Chamber of Commerce, trade associations, and local government officials, and the heads of Fortune 1,000 corporations to identify opportunities for minority entrepreneurs. The agency funds the National Minority Supplier Development Council which has several hundred corporate members who purchase the products and services of minority businesses, and support the federal programs to expand the minority business sector. Corporate members of the council have established a \$5 billion goal in purchases from minority-owned firms in 1983.

WHERE DO YOU GET ASSISTANCE?

Contact MBDA's Private Sector Programs Division, (202) 377-3237. The National Minority Supplier Development Council's address is: 1412 Broadway, 11th Floor, New York, N.Y. 10018, (212) 944-2430.

HOW DOES MBDA WORK WITH OTHER FEDERAL, STATE AND LOCAL GOVERNMENT AGENCIES TO DEVELOP PROGRAMS AND OPPORTUNITIES FOR MINORITY ENTREPRENEURS?

MBDA has established interagency agreements with 27 federal departments and agencies to increase opportunities for minority-owned businesses. For example, the Federal Communications Commission has agreed to help minority entrepreneurs acquire radio and television stations and other telecommunication

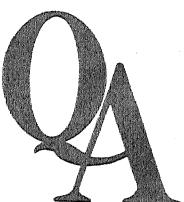


properties. ACTION, the national volunteer agency, has agreed to provide volunteer managers to work with the Minority Business Development Centers in assisting minority entrepreneurs. And the Small Business Administration has agreed to work with MBDA to provide greater assistance to minority firms entering and leaving the 8 (a) business development program.

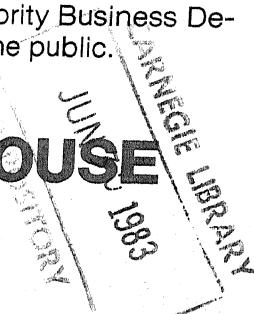
ADVOCACY PROGRAM

HOW DOES THE ADVOCACY PROGRAM ASSIST MINORITY BUSINESSES?

Established in January 1983, the Advocacy Division monitors and advises MBDA officials of actions by Congress, federal, state and local agencies, and private institutions that have significant impact on minority businesses. The Division focuses on major topic areas such as taxes, capital formation, and increased federal grant and procurement opportunities for minority firms. The Division also disseminates useful information on these subjects to the Minority Business Development Centers, other MBDA-funded organizations and the public.



INFORMATION CLEARINGHOUSE



HOW DOES MBDA DISSEMINATE INFORMATION?

MBDA disseminates information through a national Information Clearinghouse in Washington and through the agency's Minority Business Development Centers. The clearinghouse is responsible for collecting information on minority businesses. The information is used to identify new business opportunities and contacts for joint ventures. The clearinghouse also disseminates MBDA publications.

WHERE IS THE INFORMATION CLEARINGHOUSE LOCATED?

It is located at MBDA headquarters in the Department of Commerce:

Information Clearinghouse
Minority Business Development Agency
U.S. Department of Commerce
Washington, D.C. 20230
202/377-2648

WHERE CAN YOU OBTAIN A LISTING OF MINORITY-OWNED BUSINESSES?

There are a number of published minority business directories available to the public. Those that have been identified by the Information Clearinghouse are available in its Directory of Minority Business Enterprise Directories. Listings of minority-owned businesses also can be obtained from MBDA through its PROFILE Minority Business Locator Service, a national computerized data system designed to match minority firms with business opportunities. The system is not used to supply mailing lists for commercial purposes. A PROFILE search may be obtained from the nearest Minority Business Development Center. The Information Clearinghouse may be contacted for additional information.

HOW CAN YOU GET ON THE PROFILE SYSTEM?

Contact the Information Clearinghouse or nearest Minority Business Development Center for an application form to list your firm.